



State Senator

April 22, 2004

VALDE GARCIA

*Serving the 22<sup>nd</sup> District*

*Shiawassee-Livingston-southern Ingham counties*

## Coffee Break News

### **Senate passes legislation to exempt research funds from state taxes**

Legislation to create a Single Business Tax deduction for state and federal business research grants passed the Michigan Senate on April 22. Senate Bill 1116 is a key component of JOBS II, the second phase of the Senate Republican's Job Opportunities for Business Success action plan. The plan is designed to create new jobs, save existing jobs and promote a more competitive business climate in Michigan. SB 1116, legislation that Sen. Garcia cosponsored, would allow businesses paying the SBT to deduct state and federal research grants from their taxable base income. The legislation will help to lure high-tech businesses to Michigan. Such businesses often receive start-up funding from federal grants such as the Small Business Innovation Research and Small Business Technology Transfer programs, which are currently added to the business's tax base when its SBT liability is calculated.

### **MEGA updates signed into law**

This week legislation designed to help prevent the potential loss of thousands of Michigan jobs was signed into law by the governor. The new law will assist Federal Mogul, which would potentially retain 780 jobs. It also creates a new category of retention MEGA to assist Mid-Michigan Packing in Mason. The new law amends the Michigan Economic Growth Authority Act to allow new or retained jobs at a company receiving credits to be spread between multiple work sites. This gives companies more flexibility to expand and maintain jobs. The MEGA program is designed to promote business investment and new job creation, as well as job retention in large, established Michigan companies. The program is focused on helping businesses overcome cost differentials that could cause them to relocate out of state.

### **MEAP under review**

A bipartisan group of Michigan senators this week announced a five-bill package that would replace the Michigan Educational Assessment Program test for high-school students with one based on a college-entrance exam. The new comprehensive test would prepare students for college and the workplace.

The legislation follows the recommendation of the Education Alliance of Michigan, which issued a report earlier this year urging the Legislature to study the replacement of the high-school MEAP test. The proposed test, called the Michigan Merit Exam, would use a combination of a college-admissions test, a workplace skills exam and a social studies component. The test would first be given to students in 2006. The effort is supported by a broad coalition of state leaders in secondary and post-secondary education.